

Condensed directors' remuneration report

For the	3 months ended 31.03.2020	3 months ended 31.03.2019	Year ended 31.12.2019
	Unaudited	Unaudited	Audited
	Shs' 000	Shs' 000	Shs' 000
Aggregate directors' emoluments	21,715	15,076	121,968

Condensed consolidated statement of profit or loss

For the	3 months ended 31.03.2020	3 months ended 31.03.2019	12 months ended 31.12.2019
	Unaudited	Unaudited	Audited
	Shs' millions	Shs' millions	Shs' millions
Net interest income	11,545	10,436	44,983
Net fee and commission income	4,241	4,071	17,170
Other income	2,802	2,223	9,078
Fair value loss on loan notes at FVTPL	-	-	(1,000)
Provision for impairment losses on loans and advances	(3,009)	(255)	(3,458)
Net operating income	15,579	16,475	66,773
Operating expenses	(8,575)	(7,639)	(35,295)
Profit before income tax	7,004	8,836	31,478
Income tax expense	(1,679)	(2,641)	(8,917)
Profit for the period	5,325	6,195	22,561

Condensed consolidated statement of other comprehensive income

For the	3 months ended 31.03.2020	3 months ended 31.03.2019	12 months ended 31.12.2019
	Unaudited	Unaudited	Audited
	Shs' millions	Shs' millions	Shs' millions
Profit for the period	5,325	6,195	22,561
Other comprehensive income:			
FVOCI investment securities, net of tax	(1,097)	1,932	2,630
Exchange differences on translation of foreign operations	399	(85)	(824)
Other comprehensive income for the period	(698)	1,847	1,806
Total comprehensive income for the period, net of tax	4,627	8,042	24,367
Earnings per share (basic and diluted) (Shs)	1.41	1.64	5.93

Condensed consolidated statement of financial position

At	31.03.2020 Unaudited	31.03.2019 Unaudited	31.12.2019 Audited
	Shs' millions	Shs' millions	Shs' millions
Assets			
Cash, deposits and balances due from financial institutions	75,167	84,717	86,434
Derivative financial assets	111	225	472
Investment securities	189,878	169,651	172,208
Due from related parties	-	-	19
Current income tax	116	72	152
Loans and advances to customers	379,215	305,536	366,440
Other assets	12,193	8,539	12,745
Property and equipment	11,375	11,692	11,031
Right-of-use assets	6,844	8,715	7,342
Intangible assets (including goodwill)	10,817	10,239	10,347
Deferred income tax	7,470	6,190	6,492
Prepaid leases	-	92	-
Total assets	693,186	605,668	673,682
Liabilities			
Deposits from customers	499,329	428,509	482,752
Borrowed funds	55,107	54,642	56,714
Due to related parties	75	110	-
Other liabilities	10,939	8,682	12,865
Dividend payable	-	7,547	-
Lease liabilities	7,024	8,538	7,496
Current income tax	4,169	2,144	1,928
Deferred income tax	139	59	150
Total liabilities	576,782	510,231	561,905
Equity			
Share capital	1,887	1,887	1,887
Share premium	16,063	16,063	16,063
Retained earnings and other reserves	97,356	76,562	92,769
Equity attributable to owners of the company	115,306	94,512	110,719
Non-controlling interests	1,098	925	1,058
Total equity	116,404	95,437	111,777
Total equity and liabilities	693,186	605,668	673,682

Condensed consolidated statement of changes in equity

	Attributable to owners of parent			Total	Non-controlling interest	Total equity
	Share capital	Share premium	Retained earnings and other reserves			
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
3 months period ended 31 March 2020						
At start of period	1,887	16,063	92,769	110,719	1,058	111,777
Profit for the 3 months period	-	-	5,285	5,285	40	5,325
Other comprehensive income	-	-	(698)	(698)	-	(698)
At end of period	1,887	16,063	97,356	115,306	1,098	116,404
3 months period ended 31 March 2019						
At start of period	1,887	16,063	76,124	94,074	883	94,957
Profit for the 3 months period	-	-	6,153	6,153	42	6,195
Other comprehensive income	-	-	1,832	1,832	-	1,832
Final 2018 dividend declared	-	-	(7,547)	(7,547)	-	(7,547)
At end of period	1,887	16,063	76,562	94,512	925	95,437
12 months period ended 31 December 2019						
At start of year	1,887	16,063	76,124	94,074	883	94,957
Profit for the year	-	-	22,386	22,386	175	22,561
Other comprehensive income	-	-	1,806	1,806	-	1,806
Final 2018 dividend declared and paid	-	-	(7,547)	(7,547)	-	(7,547)
At end of year	1,887	16,063	92,769	110,719	1,058	111,777

Condensed consolidated statement of cash flows

For the	3 months ended 31.03.2020	3 months ended 31.03.2019	12 months ended 31.12.2019
	Unaudited	Unaudited	Audited
	Shs' millions	Shs' millions	Shs' millions
Cash generated from operations	15,376	14,144	32,476
Income taxes paid	-	(69)	(8,487)
Net cash generated from operating activities	15,376	14,075	23,989
Net cash used in investing activities	(21,139)	(9,077)	(12,398)
Net cash (used in) / generated from financing activities	(4,007)	6,790	(1,384)
Net (decrease) / increase in cash and cash equivalents	(9,770)	11,788	10,207
Cash and cash equivalents at the start of period	70,780	60,573	60,573
Cash and cash equivalents at the end of period	61,010	72,361	70,780

Performance highlights

The global COVID-19 pandemic has mutated into a global economic meltdown occasioned by a freezing of economic activities as a result of the global lockdown. This has introduced unprecedented uncertainty within the global financial systems prompting us to adopt a conservative approach and pricing up the risk of our loan book. The Group stands well positioned to confront the challenges of the COVID-19 disruption that is mutating into an economic and financial crisis.

A well-diversified and distributed portfolio of loan book across sectors of the economy and segments of clients, investors and enterprises helps to mitigate loan quality shocks. A strong Group liquidity position of 51.6% and strong total capital to risk weighted asset buffer of 19.5% against a low loan to total assets ratio of 55% strongly places the Group to weather the economic and financial aftermath of the COVID-19 health global pandemic.

The Group continued to enjoy robust growth with total assets registering a 14% year on year growth to Shs. 693.2 billion from Shs. 605.7 billion driven by a 17% growth of customer deposits to Shs. 499.3 billion from Shs. 428.5 billion. Profit before provisions was up by 10% to Shs. 10 billion from Shs. 9.1 billion the previous year. However, the Group increased its loan loss provision by nearly 100% up to Shs. 3 billion from Shs. 300 million the previous year to record a decline of profit after tax of 14% of Shs. 5.3 billion down from Shs. 6.2 billion for the same period last year.

Net interest income grew by 11% on the back of a 24% year on year growth on loan book to Shs. 379.2 billion from Shs. 305.5 billion, which reflected strain with the non-performing loan book growing to 10.9% up from 9.1% the previous year.

The Group's total income grew by 13% to Shs. 19.7 billion up from Shs. 17.5 billion for the same period last year. Non-funded income grew by 16% outpacing the 11% growth on net interest income with non-funded income increasing its contribution to 42% of the Group's total income. Forex trading income grew by 34% to Shs. 1.1 billion up from Shs. 815 million with 26.5% of the volume traded contributed by diaspora flows. Diaspora remittances commissions grew by 22% to Shs. 234 million up from Shs. 192 million the previous year with the volume of diaspora remittances growing by 31% to reach Shs. 40.6 billion up from Shs. 30.9 billion the previous year. Merchant banking commission grew by 11% to Shs. 582 million up from Shs. 523 million the previous year with merchant banking volume reaching Shs. 29 billion up from Shs. 25.6 billion.

The Group's regional expansion and diversification strategy continued to register impressive results with the regional and diversified subsidiaries registering a return on Equity of 18.7% against the Kenyan banking subsidiary return on equity of 21.6%. The regional and diversification subsidiaries increased their total revenue contribution to the Group's revenue to 30% up from 28% the previous year, while raising their contribution of profit before tax to 26% of the Group's profit up from 17%.

The Group continues to make social and impact investments to support society and build brand love under a shared prosperity business model. To date, the Group together with its development partners have invested US\$ 433 million in education scholarships, agriculture transformation, health, energy, leadership development and business services along with capacity development for micro, small and medium enterprises and entrepreneurs.

Dividends


The Board of Directors does not recommend the payment of dividend for the first quarter of the year 2020.

Explanatory notes

The accounting policies used in preparing these financial statements are consistent with those used for the Group's 31 December 2019 annual financial statements. The above financial statements are extracts from the records of the Group.

They were approved for issue by the Board of Directors on 5th May 2020 and signed on its behalf by:


Dr. James Mwangi
Group Managing Director & CEO


Prof. Isaac Macharia
Group Non- Executive Vice Chairman



Africa's Best Digital Bank



Africa's SME Bank of the Year, 2018 & 2019



• Most Innovative Bank- Winner
• Client Case Study- Financing the Informal Sector- Winner
• Client Case Study- Commercial- Winner



• Position 15 globally on Return on Assets
• Position 75 globally on Soundness (Capital Assets Ratio)
• Position 32 globally on Profits on Capital
• Position 844 globally largest Bank

